

Hayd

The attached is  
for your general info.

It consists of  
comments by [redacted]  
in response to Col.

[redacted] request for his  
review of Kelly's  
SP-1928 proposal.

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Comments Kelly proposal for conversion program

1. What type of contract do they propose? It sounds like a fixed price incentive type with the incentive on cost. If so, the contractors share line is missing. I propose a STAT [redacted] share line.

2. A manpower loading chart is missing. It is difficult to evaluate the man hours without one. This would also be a good gauge on their expenditures since the bulk of their costs are for manpower. - No comment made by the auditor on this area.

3. Based on their expenditure chart as of 26 December 1965 and in the absence of definitive cost data back up, I would be inclined to believe that the ~~target~~ <sup>existing</sup> price should be the target price. Their actual expenditures are lagging several hundred thousand dollars under the target price.

4. Material and <sup>other</sup> direct charge makes up [redacted] STAT

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of the total estimated cost - How much  
of this is subcontracted?

5. In view of the fact that [ ] of total cost STAT  
is for manpower, it appears to me that  
this job is primarily one of management with  
very little risk involved. The most  
profit I would consider is [ ] and only  
if they accepted a tighter target cost.

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6. From all the correspondence I have  
reviewed in the file I think that the  
SP 870 F document should be rewritten  
to reflect the work statement quoted.  
although you may have a verbal meeting  
of the minds on the work to be done it  
should be properly reflected in the  
written document. I could be wrong but  
I get the feeling that some areas of work  
need to be ironed out.

[ ]  
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